

Here is an interesting article comparing Google's bid to buy Motorola Mobility to the ill fated AT&T T Mobil merger currently being blocked by the Justice Department with an antitrust lawsuit. I oppose the AT&T T Mobil merger currently being blocked by Justice but just want to add whatever regulators decide on both mergers should take these points into consideration. The article notes AT&T doesn't really need T Mobil USA to provide 4G LTE service. However, Google may need Motorola Mobility more than AT&T needs T Mobil to protect the Android business from lawsuits by competitors claiming intellectual property theft by acquiring some Motorola patents -- Motorola's patented technology can make its way in new Android software and devices and Google would be in a stronger position to protect its Android partners like HTC (maker of DROID Incredible), Samsung maker of the Galaxy smartphones and Galaxy Tab tablet computer. It's worth a read by regulators. Note: I oppose the AT&T T Mobil merger. I have some concerns about Google Motorola Mobility but none near as serious as those for ATT T Mobil.

It seems as though the U.S. Justice Department has been busy with two of the market's largest companies. It first blocked the acquisition of T-Mobile by AT&T (T), an issue that is now about to go to trial. Now it's asking for more information regarding the \$12.5 billion acquisition of Motorola Mobility (MMI) by Google (GOOG). Both acquisitions would have a large impact on the future of both companies but the question to ask is if either of these two acquisitions will ever take place?

When the Justice Department blocked the sale of T-Mobile to AT&T it was a "surprise" to all who had followed the acquisition. I use the word "surprise" to describe the mass reaction that was unexpected, by even AT&T. After the decision was made, AT&T general counsel Wayne Watts said in a statement, "We are surprised and disappointed by today's action, particularly since we have met repeatedly with the Department of Justice and there was no indication from the DOJ that this action was being contemplated." I find this reaction to be very important in the most recent news that the DOJ is requesting more information from Google about its purchase.

Google has downplayed the second request from the Justice System to review the acquisition. Yet, according to an article in the Huffington Post only 4% of the transactions reviewed by the Justice Department and Federal Trade Commission received second requests. This means the DOJ is taking its time with this case and as a result I wouldn't take any guidance that Google gives as a sign of what will occur. Just look at what happened to AT&T, the company was surprised and had no indication from the DOJ that this action was being contemplated. Which means that even if Google plays by all the rules and responds in a timely manner to every request the DOJ is not going to indicate one way or another its intention to approve or deny the acquisition.

The two cases are very similar with both acquisitions giving each company an edge over the competition. The AT&T purchase is much larger at \$39 billion compared with Google's \$12.5 billion

acquisition but one may argue that MMI is more crucial to Google than T-Mobile is for AT&T.

A combination of AT&T and T-Mobile would eliminate price competition, innovation, and it would reduce the number of nationwide competitors in the marketplace from four to three, said Sharis Pozen with the antitrust division of the DOJ. The Justice Department is taking a hard stance against this acquisition and it's being backed by another company, Sprint Nextel (S), the third biggest U.S. wireless operator. Sprint claims the merger would weaken its ability to compete with AT&T and Verizon (VZ) Communications Inc. Therefore, with both a competitor and regulator opposing the acquisition I doubt it will occur. But the question is if AT&T really needs T-Mobile to achieve long-term growth. I don't believe so, AT&T is already the largest service provider in the U.S. and has been the leader for many years. So whether or not the merger occurs AT&T is still the largest most dominating company in this industry with or without T-Mobile.

I believe the acquisition of Motorola Mobility is much more crucial to the long-term success of Google than T-Mobile is for AT&T. Google has the least amount of patents of any other technology company of its size. This fact has put the company under heavy scrutiny, with countless lawsuits claiming the Android operating system is illegally using the intellectual property of other companies. The 17,000 patents that MMI offers could better protect Google, and its partners, from such allegations. In addition to patents and protection, Motorola Mobility is a handset manufacturer, which gives Google a segment that it doesn't have that could result in a higher level of competition in the smartphone industry.

If AT&T were to purchase T-Mobile it would most definitely result in AT&T being the strongest communication company by a large margin. But I do not think it would result in higher prices, poorer quality services, fewer choices and fewer innovative products for the millions of American consumers who rely on mobile wireless services in their everyday lives, like the DOJ claims. AT&T is number one for a reason, not because it jacks up prices, offers poor quality with limited choices. The acquisition would probably improve the areas of concern that the DOJ mentioned. Either way AT&T remains strong but if I had to guess I would say that the acquisition will not take place because the company is going against high odds trying to compete with both the government and a competitor.

Google needs this purchase in order to build on its Android operating system for long-term success. The company has multiple segments of revenue and the Android operating system is at the height of its use and if the company could capitalize and offer protection to its partners along with the flexibility to produce its own phone, then Google could experience a new-found level of success. But because of Google's success and what it could financially mean for the company to receive an approval I doubt it will be granted the acquisition, and I believe investors should expect another court case similar to AT&T. I could very well be wrong but I don't believe the DOJ would be requesting another look at the acquisition if it did not believe that this purchase would weaken the competitive nature of

the handset business.